



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Market Supervision and Registration Department (MSRD)

**Before the Director/HOD (MSRD)**

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Tahir Bashir, Chief Executive of Libas Textile Limited

***Date of Hearing:***

***Present at Hearing:***

*January 22, 2014*

***Representing the Respondent:***

*Mr. Jamil Akhtar,  
Director (Tax & Corporate Services),  
Awais Hyder Liaquat Nauman*

***Assisting the Director/HOD (MSRD):***

*Mr. Muhammad Farooq,  
Joint Director, SECP*

**Order**

This order will dispose of the proceedings initiated under Section 224(4) of the Companies Ordinance, 1984 (“**Ordinance**”) by the Securities and Exchange Commission of Pakistan (“**Commission**”) through Show Cause No. SMD/BO/Co.222/4(4254)03 dated 01/01/2014 (“**Notice**”) issued to Mr. Tahir Bashir (“**Respondent**”), Chief Executive of Libas Textile Limited (“**Issuer Company**”).

2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Director was required to file return of beneficial ownership on Form 31, within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligation which attracts penal provision contained in Section 224(4) of the Ordinance.

3. Section 222(2) (b) of the Ordinance stipulates the period within which the Form 31 is to be submitted as under:-





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*"in any other case, including a case where the company is listed on the stock exchange after the commencement of this Ordinance or after the person has occupied the position or office specified in sub-section (1) or has acquired interest as beneficial owner of securities as aforesaid, within thirty days of occupying the office in the company or acquisition of interest as beneficial owner requiring submission of the return aforesaid or listing of the company on the stock exchange, as the case may be"*

4. The Respondent was, therefore, asked vide letter dated 26/03/2013 to file Form 31 as a Director of the Company along with reasons for non-filing of the same within the period stipulated in Section 222 of the Ordinance. The Respondent, in response to the aforementioned letter, filed Form 31 with this Commission on 03/05/2013. The said Form showed that he acquired beneficial ownership in the Company on 14/03/2001 and 2,049,700 ordinary shares of the company were beneficially owned by him. Thus, he was required to file the said return with this Commission latest by 13/04/2001, but the same was filed on 03/05/2013, with delay of 4,403 days, in contravention of Section 222 of the Ordinance. The said contravention attracts penal provision of Section 224(4) of the Ordinance, which provides as under:-

*"Whoever knowingly and wilfully contravenes or otherwise fails to comply with any provision of section 222, section 223 or section 224 shall be liable to a fine which may extend to thirty thousand rupees and in the case of a continuing contravention, non-compliance or default to a further fine which may extend to one thousand rupees for every day after the first during which such contravention, non-compliance or default continues".*

5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon him to explain through written reply alongwith documentary evidence, if any as to why action may not be taken against him pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222 of the Ordinance. The Respondent vide letter dated 18/01/2014 filed written reply to the Notice.

6. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed on 16/01/2014 at the Commission's Head Office, Islamabad, which was rescheduled on 22/01/2014. On the said date, Mr. Jamil Akhtar, Director, Tax and Corporate Services of Avais Hyder Liaquat Nauman ("**Authorized Representative**") appeared on behalf of the Respondent. The submissions made by the Respondent in writing as well as verbally on behalf of the Respondent by the Authorized Representative during the course of hearing be summarized as under:-

- a) *At the time of becoming the director of Company it has been assumed that all legal requirements have been fulfilled by the then Company Secretary.*





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- b) *The shareholding position of the Respondent has been appearing on all annual published accounts of the Company being submitted with the SECP, stock exchanges and the shareholders and Form A being submitted with the SECP in compliance with the Companies Ordinance 1984 and Code of Corporate Governance.*
- c) *Before 26/03/2013, the Commission too did not point out this omission which has inadvertently been occurred during 2001. As soon as this omission has been pointed out by the SECP after a lapse of more than 12 years, undersigned has filed the return of beneficial ownership on Form 31.*
- d) *Operations of Company are closed since 2007. All employees were laid off/ left at the time of closure of business operations. Subsequently assets have been disposed of and liabilities have been paid. There was also no regular CFO or the Company Secretary to look after routine matters. However at present Company is in search of some viable business plan in the best interest of shareholders. The Company is also complying with Companies Ordinance and listing regulations as well as Code of Corporate Governance.*
- e) *The default is unintentional and the same may kindly be condoned.*
- f) *The Authorized Representative ensured that the Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

7. I have considered the aforesaid written submissions made by the Respondent. The Respondent has submitted that he was *of the impression that all legal requirement including filing of Form-31 has been accomplished by the then Company Secretary.* In this regard attention is invited to Section 222 of the Ordinances, which explicitly describes that filing of returns of beneficial ownership is the responsibility of the beneficial owner instead of the Company Secretary. Furthermore, before the closure of operations of the Issuer Company, the Respondent vide letter dated 26/03/2003 was asked for filing of the aforesaid return, but he failed to do so. Besides, it is worth mentioning that in order to provide an opportunity to directors/beneficial owners of listed companies to file their overdue returns of beneficial ownership without facing penal action, the Commission through Notices dated 07/09/2009 and 21/09/2010 asked them to file their returns of beneficial ownership with Head Office of the Commission by 31/10/2009 and 31/10/2010 respectively and to ensure timely compliance of Section 222 of the Ordinance in future. The aforesaid Notices were sent to all listed companies and were also disseminated through stock exchanges and print media. But, the Respondent did not avail this opportunity. In addition to above, being Chief Executive, he is supposed to be fully aware about his liability of filing of the returns of beneficial ownership, but he failed to do so within the stipulated time period. In my opinion, the Respondent has contravened the provisions of Section 222 of the Ordinance. Hence, in the light of aforesaid discussion, I am of the view that

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the Respondent has committed the violation. However, taking a lenient view of the default, in exercise of powers conferred under Section 224 (4) of the Ordinance, I hereby impose a fine of Rs. 25,000/- (twenty five thousand rupees only) on the Respondent.

8. This order is issued without prejudice to any other action that the Commission/Registrar may initiate against the Respondent in accordance with the law on matter subsequently investigated or brought to the Notice of the Commission.



  
(Imran Inayat Butt)  
Director/HOD (MSRD)

Islamabad.  
Announced on February 25, 2014